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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

September 19, 2002

The Honorable Phyllis K. Fong
Inspector General
Office of Inspector General
U.S. Small Business Administration
409 Third Street SW
Washington, DC 20416

Dear Ms. Fong:

When I designed the HUBZone program in 1997, I had high hopes for its success. I envisioned a program that would provide opportunity for economically challenged communities to grow and thrive by giving small businesses an incentive to locate in these blighted areas. I did not envision, however, a program that would be abused by small business owners. It is extremely important that we work together to maintain the integrity of the HUBZone Program.

Recently, members from my staff with the Committee on Small Business have received troubling information about two allegedly fraudulent HUBZone companies. Mr. Tom Dawson with Dawson Building Contractors (Dawson) in Rainbow City, Alabama, has informed us of this situation.

Specifically, Dawson alleges that GSC Construction, Inc. (GSC) has been issued an erroneous size determination as a small business by the SBA's Area Office (Area Office) in Atlanta, Georgia. The determination on August 21, 2002 was the second of two made by the Area Office. The second determination, however, followed an opposing decision by the SBA's Office of Hearings and Appeals (OHA) in Washington, D.C., which issued an Order Remanding Proceeding on August 2, 2002 indicating that the Area Office's findings were "inaccurate and/or incomplete." Dawson has filed a timely appeal of the Area Office's second decision with OHA.

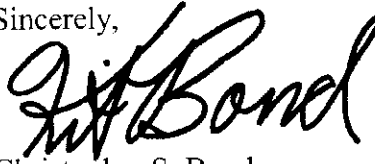
I would appreciate you and your staff investigating the situation described above. In your investigation, please consider the following questions: (1) Why did the Area Office elect to avoid a full investigation of GSC's status as a HUBZone, (2) Why did the Area Office ignore OHA's determination that GSC does not fit the definition of a "small" business, and (3) Is GSC, in fact, fraudulently holding itself out as a HUBZone by claiming to be a "small" business.

I have enclosed documents from Tom Dawson for you to review. Mr. Dawson may be contacted at (256) 547-2566 ext. 102 or (256)-442-7280. I ask that you give prompt and immediate attention to this matter by responding to my inquiry no later than October 2, 2002.

The Honorable Phyllis K. Fong
Inspector General
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Please feel free to contact me or Maccy Small, Professional Staff Member of the Small Business Committee, at 202-224-4086 if you have any questions. Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written in a cursive style.

Christopher S. Bond
Ranking Member